

THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

DOCKET NO. 2006-107-W/S

IN RE:

Application of United Utility Companies,
Inc. for adjustment of rates and charges
and modifications to certain terms
and conditions for the provision of
water and sewer service.

**PRE-FILED DIRECT TESTIMONY
OF DR. JAMES EPTING**

Q. Please introduce yourself to the readers telling them your name, by whom you are employed, what position you hold and how long you have held that position.

A. I am Jimmy Epting, President at North Greenville University for the past 15 years.

Q. Please give a brief history of North Greenville University in order that the readers might understand who North Greenville is and what it is about.

A. North Greenville was founded in 1892 as a Christian high school, with a junior college being added in 1934. In 1957, the high school courses were discontinued, and North Greenville College was accredited by the Commission on Colleges of the Southern Association of Colleges and Schools as a two-year liberal arts college. Such was the status of the school when I became President in 1991. At this time, there were approximately 300 students in attendance. In 1992, the institution changed from a two-year college to a four year college, and in 2006, it became a university. Enrollment for the 2006 school year is currently between 1800 and 1900 students. Moreover, the University's endowment has grown from \$2 million to more than \$10 million since 1991.

1 **Thirty new buildings have been constructed with four major renovations to existing**
2 **buildings, plus numerous smaller renovations. In addition, the University's debt has**
3 **steadily declined from 412,913,886 in 1991 to a current amount of \$751,331.**

4 Q. What lead up to the Agreement of July 9, 2001 with United Utilities Company in which
5 North Greenville University conveyed its waste water treatment plant to it? Please explain.

6 A. **We needed a new and improved sewer treatment plant to handle the sewage for the**
7 **University and the Development. Therefore, we worked together to build a million dollar**
8 **plant and gave it to United Utility because we felt that they would be the best group to**
9 **operate it.**

10 Q. What is North Greenville University's understanding about what services United Utility
11 would provide and the rates it would charge for those services?

12 A. **Our understanding was that United Utility would operate the plant at a minimal**
13 **cost since we gave them the plant at no cost. They were to make improvements to the**
14 **facility, and if the rates were raised, it would be minute. It was mentioned that there had**
15 **not been any increase in the past. Do you really believe that we would have given the plant**
16 **to United Utility and said, "Please increase our costs?"**

17 Q. What was the rate agreed to for a Single Family Equivalent (SFE)?

18 A. **The rate which we agreed to accept was not more than \$29.00. It was mentioned**
19 **that it could be even less.**

20 Q. Please explain how an agreement was reached with United Utility and North Greenville
21 on what constituted an SFE.

22 A. **The meaning of SFE was never explained. United Utility unilaterally assigned the**
23 **University 225 SFEs without any discussion or negotiation.**

1 Q. How many SFEs' were allotted to the University in the initial agreement?

2 A. **We understood that 225 SFEs covered all our needs for the immediate future.**

3 Q. As of the date of this written statement, how many SFEs are allotted to NGU?

4 A. **249 SFEs. See chart attached as Exhibit A.**

5 Q. Who establishes the allotment of SFEs for North Greenville University?

6 A. **For the first few years we thought United Utility arbitrarily did it. Then, about a**
7 **year or two ago, United Utility said they were following requirements established by DHEC**
8 **and had no choice in the matter.**

9 Q. Please explain how the rates for SFEs' have risen since the date of the initial Agreement
10 with United Utility?

11 A. **In January, 2002 it was \$29.00. In May, 2002 it was increased to \$32.26 and \$49.30**
12 **in September, 2002. It was indeed a shock to have a 54% increase over a five (5) month**
13 **period. The short time period and such drastic increases were devastating to our budget**
14 **process.**

15 **Also, our student growth has been about 100 a year from August, 2000 until now.**

16 Q. Please explain the growth in the faculty population of North Greenville University since
17 August, 2004.

18 A. **The growth of the faculty since August, 2004 has been about 10 a year.**

19 Q. Please explain the growth in the staff population of North Greenville University since
20 August, 2004.

21 A. **The growth of the staff since August, 2004 has been about 5 a year.**

22 Q. Please explain the growth in the number of living units on the University's campus since
23 August, 2004.

1 **A. Our understanding is that United Utility increases the SFEs per the increase of**
2 **facilities and/or beds.**

3 Q. How does this growth in the student population, faculty population and staff population
4 impact the number of SFEs charged to the University by United Utility?

5 **A. Our understanding is that United Utility increases the SFEs per the increase of**
6 **facilities and/or beds. Thus, as the University grows and adds new facilities and/or beds,**
7 **United Utility will charge us for more SFEs. With the increase in SFEs, our monthly**
8 **service charge will increase regardless of United Utility's rate. This practice creates a**
9 **double increase for the University since the service charge increases with the number of**
10 **SFEs charged, and then it increases again when United Utility increases its rates. Not only**
11 **is the University charged for the increased number of SFEs, but it is being charged at a**
12 **higher rate, as well.**

13 Q. How does the growth in the number of SFEs charged to the University impact the
14 increase of the rates per SFE which the University pays to United Utility

15 **A. United Utility charges \$48.24 for each SFE, and we're currently being charged for**
16 **249 SFEs. Thus, we're being charged \$12,011.76 per month, which impacts tuition and**
17 **housing. This is a negative number for profitability and hurts the University's ability to**
18 **compete for students. As we grow and add more facilities and/or beds, the number of SFEs**
19 **we're charged will likewise increase, and our monthly service charge will continue to rise.**

20 Q. Are the monies for the SFEs' which the University pays recoverable from student fees or
21 tuition? Why not?

1 **A. Absolutely not! It is impossible to charge the student the true cost because it**
2 **exceeds what the student can afford. If we can remain affordable, then we can recruit and**
3 **retain students and stay in business.**

4 **Q. Please explain why North Greenville University must do all it can to hold down tuition,**
5 **room and board for its students?**

6 **A. The competition with public institutions because of tax dollars is keen and many of**
7 **our students are from middle to low income families who must have financial assistance in**
8 **order to attend. There are four colleges in Greenville County, and each is competing for the**
9 **top academic students and those who can afford college tuition and expenses. Thus, the**
10 **University must hold down its tuition, room and board in order to compete for these**
11 **students.**

12 **Q. In your opinion what will happen to North Greenville University if the SFE rates of**
13 **United Utility continue to climb as they have over the last five years?**

14 **A. If all vendors and providers increase their rates like United Utility, we will be out of**
15 **business in 3 to 5 years. Also, pertaining to United Utility, we are being forced to seek**
16 **alternative ways to handle our sewage.**

17 **Q. Notwithstanding the above, does the University consider the United Utility rates for**
18 **SFEs' to be excessive and if so please explain?**

19 **A. United Utility's increases have been 54% since July 9, 2001. Such an excessive**
20 **increase over such a short period of time far exceeds economic growth in the United States**
21 **and therefore cannot be passed on to our students. Rather, a 3% to 5% increase is the**
22 **maximum increase our students can manage.**

1 Q. Is there another method for charging waste water treatment which would be fairer to the
2 University? If so, please explain?

3 A. **All the other institutions in our area are charged by the gallon. This procedure is**
4 **more fair and equitable since it is based on usage.**

5 Q. What is the water usage (per 1,000 gallons) of North Greenville University?

6 A. **The water usage is an average of approximately 3000 gallons of water for the year.**
7 **See chart attached as Exhibit B.**

8 Q. Please explain the University's objections to the United Utility's rates per SFE.

9 A. **United Utility's rates have increased too rapidly over a short period of time. United**
10 **Utility appears to have no plan for such increases, nor do they attempt to explain or justify**
11 **the increases to us. Moreover, when we gave United Utility the million dollar facility, we**
12 **expected very little, if any, increases in return.**

13 Q. If you know, how do the rates of United Utility with Western Carolina Regional Sewer
14 Authority, which handles waste water treatment for the majority of Greenville County, SC?

15 A. **See chart attached as Exhibit B.**

16 Q. What business risk does United Utility encounter in Greenville County to your
17 knowledge?

18 A. **Very little, if any business risk.**

19 Q. Does this conclude your testimony?

20 A. **Yes, it does.**

UNITED UTILITIES

	CHARGES	PENALTY	ADDITIONAL CHARGES	TOTAL CHARGES	PAYMENTS	DATE	BALANCE
12/1/01 - 12/31/01	CONTRACT OPERATIONS			\$2,165.75	\$2,165.75		\$0.00
1/1/02 - 2/28/02	\$29.00 x 225 x 2 mo.			\$13,050.00	\$13,050.00		\$0.00
3/1/02 - 4/30/02	\$29.00 x 225 x 2 mo.			\$13,050.00	\$13,050.00		\$0.00
5/1/02 - 6/30/02	\$32.26 x 225 (11.24% incr.) x 2 mo.			\$14,517.00	\$14,517.00		\$0.00
7/1/02 - 7/31/02	\$32.26 x 225 (11.24% incr.)			\$7,258.50	\$7,258.50		\$0.00
8/1/02 - 8/30/02	\$32.26 x 225 (11.24% incr.)			\$7,258.50	\$7,258.50		\$0.00
9/1/02 - 9/30/02	\$49.30 x 225 (52.82% incr.)			\$11,092.50	\$7,200.00		\$3,892.50
10/1/02 - 10/31/02	\$49.30 x 225 (52.82% incr.)	\$58.39		\$11,150.89			\$15,043.39
11/1/02 - 11/26/02	\$49.30 x 225 (52.82% incr.)	\$225.65		\$11,318.15			\$26,361.54
12/3/02 - 12/28/02	\$49.30 x 225 (52.82% incr.)	\$179.42		\$11,271.92	\$14,400.00	12/16/02	\$23,233.46
1/3/03 - 1/28/03	\$49.30 x 225 (52.82% incr.)	\$348.50		\$11,441.00			\$34,674.46
2/3/03 - 2/28/03	\$49.30 x 225 (52.82% incr.)	\$304.12		\$11,396.62	\$14,400.00	2/24/03	\$31,671.08
3/4/03 - 3/29/03	\$49.30 x 225 (52.82% incr.)	\$475.07		\$11,567.57	\$7,200.00	4/29/03	\$43,238.65
4/2/03 - 4/27/03	\$49.30 x 225 (52.82% incr.)	\$540.58		\$11,633.08	\$7,200.00	5/5/03	\$47,671.73
5/2/03 - 5/27/03	\$49.30 x 225 (52.82% incr.)	\$499.08		\$11,591.58	\$7,200.00	5/27/03	\$52,063.31
6/3/03 - 6/28/03	\$49.30 x 225 (52.82% incr.)	\$564.95		\$11,657.45	\$7,200.00	6/24/03	\$44,863.31
7/2/03 - 7/27/03	\$49.30 x 225 (52.82% incr.)	\$631.81		\$11,724.31	\$7,200.00	7/21/03	\$49,320.76
7/31/03 - 8/25/03	\$49.30 x 225 (52.82% incr.)	\$699.68		\$11,792.18	\$7,200.00	8/11/03	\$53,845.07
Registered Letter			\$4.00	\$4.00			\$58,437.25
9/2/03 - 9/27/03	\$49.30 x 225 (52.82% incr.)	\$768.62		\$11,861.12	\$7,200.00	9/22/03	\$58,441.25
10 Month Backcharge	\$49.30 x 14 x 10 Mo. (52.82% incr.)		\$6,902.00	\$6,902.00			\$63,102.37
10/1/03 - 10/26/03	\$49.30 x 239 (52.82% incr.)	\$942.07		\$12,724.77	\$7,200.00	10/14/03	\$70,004.37
*10/27/03 - 11/30/03	\$49.30 x 239 (52.82% incr.)						\$75,529.14
*12/03	Penalties, Notify Fee, 14 SFE adj.	(\$6,237.94)	(\$4.00)	\$4,850.56			\$75,529.14
							<u>\$80,379.70</u>
	\$224,377.45	(\$0.00)	\$6,902.00	\$231,279.45	\$150,899.75		

Exhibit "A"

UNITED UTILITIES PAYMENTS AND CHARGES

	United Utilities Charges	Timberline Payments	NGU Payments
Balance Forward	\$80,379.70		
11/03 Pmt. On Previous Balance			\$80,379.70
12/03 49.3x239(52.82% incr.)	\$11,782.70	\$14,400.00	
12/03 Timberline Payment			
01/04 49.3x239(52.82% incr.)	\$11,782.70		\$9,165.40
02/04 49.3x239(52.82% incr.)	\$11,782.70		\$11,782.70
03/04 49.3x239(52.82% incr.)	\$11,782.70		\$11,782.70
04/04 49.3x239(52.82% incr.)	\$11,782.70		\$11,782.70
05/04 49.3x239(52.82% incr.)	\$11,782.70		\$11,782.70
06/04 49.3x239(52.82% incr.)	\$11,529.36		\$11,782.70
07/04 Ruling Adjustment	(\$5,722.16)		
07/04 48.24x239(49.54% incr.)	\$11,529.36		\$5,807.20
08/04 48.24x239(49.54% incr.)	\$11,529.36		\$11,529.36
09/04 48.24x239(49.54% incr.)	\$11,529.36		\$11,529.36
10/04 48.24x239(49.54% incr.)	\$11,818.80		\$11,529.36
11/04 48.24x245(49.54% incr.)	\$11,818.80		\$11,818.80
12/04 48.24x245(49.54% incr.)	\$11,818.80		\$11,818.80
01/05 48.24x245(49.54% incr.)	\$11,818.80		\$11,818.80
02/05 48.24x245(49.54% incr.)	\$11,818.80		\$11,818.80
03/05 48.24x245(49.54% incr.)	\$11,818.80		\$11,818.80
04/05 48.24x245(49.54% incr.)	\$11,818.80		\$11,818.80
05/05 48.24x245(49.54% incr.)	\$11,818.80		\$11,818.80
06/05 48.24x245(49.54% incr.)	\$11,818.80		\$11,818.80
07/05 48.24x245(49.54% incr.)	\$11,818.80		\$11,818.80
08/05 48.24x245(49.54% incr.)	\$11,818.80		\$11,818.80
09/05 48.24x245(49.54% incr.)	\$12,011.76		\$11,818.80
10/05 48.24x249(49.54% incr.)	\$12,011.76		\$11,818.80
11/05 48.24x249(49.54% incr.)	\$12,011.76		\$12,011.76
12/05 48.24x249(49.54% incr.)	\$12,011.76		\$12,011.76
01/06 48.24x249(49.54% incr.)	\$12,011.76		\$12,011.76
02/06 48.24x249(49.54% incr.)	\$12,011.76		\$12,011.76
03/06 48.24x249(49.54% incr.)	\$12,011.76		\$12,011.76
04/06 48.24x249(49.54% incr.)	\$12,011.76		\$12,011.76
05/06 48.24x249(49.54% incr.)	\$12,011.76		\$12,011.76
Total	<u>\$417,572.06</u>	<u>\$14,400.00</u>	<u>\$403,172.06</u>

These reports reveal the tremendous increases of United Utilities rates. In May 2002 our bills increased 14.24%. Then in September 2002 the rates were increased by 52.82% with a rate increase request. In July 2004 the rates were approved for a 49.54% increase. In addition to the rate increases the SFE numbers increased from 225 to 239 in January 2003 increasing the monthly bill by \$675.36, in November 2004 to 245 increasing the monthly bill by \$289.44 and 249 in October 2005 increasing each monthly bill by \$192.96.

June 14 2006 Comparison of United Utilities and Western Carolina Rates

Date	Blue Ridge Water Gallons Used	United Utilities Rates	Western Carolina Rates	Difference
May 2005	2,262,600	\$11,818.80	\$8,620.51	\$3,198.29
June 2005	2,049,000	\$11,818.80	\$7,806.69	\$4,012.11
July 2005	2,412,600	\$11,818.80	\$9,192.01	\$2,626.79
Aug. 2005	2,404,900	\$11,818.80	\$9,162.67	\$2,656.13
Sept. 2005	3,481,800	\$12,011.76	\$13,265.66	(\$1,253.90)
Oct. 2005	3,690,400	\$12,011.76	\$14,060.42	(\$2,048.66)
Nov. 2005	2,337,600	\$12,011.76	\$8,906.26	\$3,105.50
Dec. 2005	3,307,300	\$12,011.76	\$12,600.81	(\$589.05)
Jan. 2006	1,744,500	\$12,011.76	\$6,646.55	\$5,365.21
Feb. 2006	3,454,700	\$12,011.76	\$13,162.41	(\$1,150.65)
March 2006	2,327,200	\$12,011.76	\$8,866.63	\$3,145.13
April 2006	<u>3,110,900</u>	<u>\$12,011.76</u>	<u>\$11,852.53</u>	<u>\$159.23</u>
	<u>32,583,500</u>	<u>\$143,369.28</u>	<u>\$124,143.15</u>	<u>\$19,226.13</u>

A yearly comparison of United Utilities and Western Carolina rates reveal that North Greenville University paid \$19,226.13 more to United Utilities this past year than would have been paid with Western Carolina. The rates for Western Carolina is based on water consumption at \$3.81 per 1,000 gallons.

Exhibit "B"


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WASTEWATER TREATMENT CHARGES

Western Carolina faces the daily challenge of providing an efficient wastewater treatment system for a growing community, while at the same time meeting stricter environmental regulations.

As an organization, we are committed to keeping our customers informed about how we are spending their fees. Please call us at any time to discuss our current operations and plans for the future, or visit the [What's New](#) page on this site.

BASE FEE

This fee recovers the cost of servicing 100,000 customer accounts and maintaining 300 miles of trunk line. This fee applies to both residential and commercial accounts.

VOLUME CHARGES

This charge covers the cost of operations and maintenance, required replacements and improvements, and debt service.

Commercial customers receive a 5% reduction in volume charges since they generally use the same amount of water throughout the year. Commercial accounts are *not* eligible for the Six Month Savings Program.

Effective Date	Monthly Base Fee	Volume Charges*	
		Residential	Commercial
3-01-05	\$7.00	\$4.01	\$3.81

* Charge per 1,000 gallons of metered water.

For more information call 864-299-0260.

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